



REDEVELOPMENT AGENCY of SALT LAKE CITY

DATE: March 1, 2024
PREPARED BY: Lauren Parisi & Tracy Tran, RDA Senior Project Managers
RE: FY 2024-25 Housing Development Funding Strategy

REQUESTED ACTION: Briefing on the FY 2024-25 Housing Development Funding Strategy

POLICY ITEM: Affordable Housing

BUDGET IMPACTS: N/A

EXECUTIVE SUMMARY: The Redevelopment Agency of Salt Lake City’s (“RDA”) [Housing Allocations Funds Policy](#) (“Funds Policy”) establishes guidelines for allocating and directing resources for the development and preservation of housing by funding source. Additionally, the [RDA’s Housing Development Loan Program \(“HDLP”\) Policy](#) creates a program that centralizes the application, underwriting, and approval process across all funding sources, providing a one-stop-shop for community partners to access gap financing for the development and preservation of affordable housing. Both policies contemplate that annually, prior to the annual budget process, the RDA shall present to the Board a Housing Development Funding Strategy (“Funding Strategy”) that includes:

- A projected amount of revenue to be allocated to each Housing Fund for the upcoming fiscal year (*approved as a part of RDA budget*)
- Proposed housing **funding priorities** (“Funding Priorities”) for the upcoming fiscal year (*approved as separate resolution*)
- Proposed funding allocations for specific **housing activities** (i.e. gap financing loans, property acquisition, etc.) for the upcoming fiscal year (*approved as a part of RDA budget*)

This memo reviews the Funding Priorities and housing activities adopted in Fiscal Year 2023-2024 (“FY 24”) as well as the proposal for Fiscal Year 2024-2025 (“FY 25”). The projected revenue to be allocated to each of the four Housing Funds (Primary Housing Fund, Secondary Housing Fund, Westside Community Initiative Fund and Housing Development Fund) as well as allocations of funding to each housing activity will be brought back to the Board as a part of the annual budget discussion.

The RDA Board of Directors (“Board”) may wish to discuss the proposed Funding Priorities and housing activities as described in this memo and provide any feedback or direction on potential funding levels to certain housing activities when the budget is brought for their review.

BACKGROUND:

FY 24 Annual Housing Funding Strategy Progress/Outcomes – Last year, the Board adopted four housing funding priorities including family housing, deeply affordable housing, missing middle housing and affordable homeownership to guide housing funding decisions for the rest of the fiscal year. Progress has been made to further each of these priorities as follows:

Priority	Objective	Activities	Implementation	Impact/Status
Affordable Family Housing	Provide opportunities for families to enjoy the many benefits of urban living by encouraging the development of affordable housing that is more conducive to larger household sizes. Family housing is generally defined as units with three or more bedrooms.	HDLP, property acquisition/disposition, shared equity	Threshold requirement for HDLP*, higher weighted score in HDLP	The total units funded will be available after the RDA Board reviews the funding allocations for the competitive HDLP applications at an upcoming meeting.
Deeply Affordable Housing	Expand the availability of units for extremely low-income households, thereby providing housing options for individuals or families that are homeless or at risk of homelessness. Deeply affordable housing is generally defined as housing affordable to those earning 40% of the area median income (AMI) or below.	HDLP	Threshold requirement for HDLP*, higher weighted score in HDLP	The total units funded will be available after the RDA Board reviews the funding allocations for the competitive HDLP applications at an upcoming meeting.
Missing Middle Housing	Promote an array of housing forms to diversify the City’s housing stock and provide more affordable living	ADU assistance	Released RFI to facilitate construction of ADUs. Higher weighted score in HDLP*	In August of 2023, Procurement advised the RDA to release a request for information (RFI) regarding how vendors could help the city

	options for residents.			<p>facilitate the construction of ADUs. Six responses were received that highlighted the need for flexible financing for construction and utility work, education regarding zoning and becoming a landlord, standardized production, and pre-vetted contractors among other items. The RDA is working to utilize this information to put out an ADU RFP or NOFA in the 9 Line as soon as feasible.</p> <p>RDA Staff will return to the Board as progress is made on this item.</p>
Wealth Building Opportunity	Facilitate the ability for low-moderate income households to build wealth through different pathways such as homeownership, supplemental income opportunities, stipends for renters, cooperative housing, and other wealth building models.	Allocation of funds for wealth building.	Allocation of Funds. Higher weighted score in HDLP	Through the City's American Rescue Act Plan (ARPA) funds, the RDA Board allocated \$10 million to the Perpetual Housing Fund of Utah, LLC to purchase a property and to develop additional projects that carry out a tenant wealth building program. RDA staff is working through legal agreements to close on the funds and will finalize once conditions of the approval have been met.

**In addition to this requirement, all HDLP applicants must comply with the RDA's Sustainable Development Policy which requires all new construction and rehab projects receiving \$900,000 or more in funding must the following:*

- *Energy Star score of 90+*
- *100% electric (no on-site fuel combustion)*
- *Participation in Salt Lake City's Energy Benchmarking Program*

Housing and Data Snapshot

SALT LAKE CITY HOUSING SNAPSHOT

FY 2022-2023



FY 2023-2024



Source: Census Bureau's 2017-2022 ACS 5-Year Estimates (1,2)
Dept. of Housing and Urban Development's Comprehensive Housing Affordability Strategy 2016-2020 (3,4)

OTHER METRICS



Source: Census Bureau's 2017-2022 ACS 5-Year Estimates (1, 2, 3, 4)
Salt Lake County Assessor (5)
CoStar Group (6)

Citywide Housing Plans and Goals

The RDA is guided by and charged with implementing citywide plans and goals. Additionally, the RDA is guided by its own project area plans, Guiding Framework and Livability Benchmarks. Current housing plans and goals that the RDA's annual Housing Development Funding Strategy should consider include:

Mayor Mendenhall's 2024 Goals

- Begin implementation efforts on the 16 priorities outlined in Thriving in Place's two-year action plan.
- Create and submit to the RDA Board a program to support the creation of more Accessory Dwelling Units.
- Explore funding resources and program ideas to preserve naturally occurring affordable housing with the goal of keeping people in their homes and stabilizing neighborhoods.

Housing SLC (Citywide 5-year housing plan) – Strategies

- Support projects that allow tenants to build wealth and/or gain equity in their building based on tenure

- Work with community development partners to acquire priority properties for permanently affordable housing
- Continue to release housing funds through Redevelopment Agency of Salt Lake City (RDA) for development or acquisition of moderate income housing.
- Utilize Inland Port Housing Funds (pursuant to Utah Code Section 11-58-601(6)(b) of the Inland Port Act) and other housing set-aside funds received by the Redevelopment Agency (RDA) to expand affordable housing options, including tenant equity opportunities throughout the city, especially on the west side
- Develop a financing program for low-income homeowner Accessory Dwelling Unit (ADU) construction
- Promote the development of affordable family-sized housing units with 3+ bedrooms
- Establish at least one housing and transit reinvestment zone (HTRZ) in the city
- Expand workforce, artist, and essential worker housing, up to 125% AMI, so that these populations can live in the city in which they serve
- Provide funding for programs and/or initiatives that build wealth and/or provide equity sharing opportunities for residents

Thriving in Place (anti-displacement framework) – Strategic priorities relevant to the RDA include:

- Protect tenants from displacement, especially the most vulnerable
 - Help tenants become owners.
- Preserve the affordable housing we have
 - Acquire and rehabilitate unsubsidized housing
 - Invest in Community Land Trust Models
- Produce more housing, especially affordable housing.
 - Create more diverse housing choices in all areas
 - Utilize publicly owned property
 - Prioritize long-term affordability, support services, and transit access.
- Expand Capacity for tenant support and affordable housing
 - Develop new funding sources and leverage existing resources

RDA Livability Benchmarks (3 of 21 benchmarks)

- *Ownership* – Encourage the creation of opportunities for residents/business owners to **building wealth and/or establish permanent roots** through affordable **home/commercial ownership**.
- *Housing for Everyone* – Promote housing for families, **underserved populations and extremely low income**.
- *Affordable Commercial Spaces* – Projects are mixed-use and include spaces within the development for commercial uses.

Housing Funds

Housing funds within the RDA’s various housing funds for the upcoming fiscal are currently not available and will be shared when available.

ANALYSIS:

FY 25 Proposed Funding Priorities – Reviewing city plans, current housing data, commercial data, and remarks from the RDA Board, housing funding priorities and associated activities have been proposed to guide FY 25. To make the greatest impact, staff recommend limiting the adopted Funding Priorities to four or fewer.

To note, staff determined that FY 24’s Funding Priorities are still very relevant in addressing the city’s current housing needs. Many of the programs and initiatives introduced in the last two fiscal years to further each FY 24’s Funding Priorities are currently underway or ongoing and more time is needed for implementation. For these reasons, the proposed priorities are very similar to last year’s proposal.

- 1. WEALTH BUILDING OPPORTUNITY** – This priority supports different forms of wealth building opportunities for low-moderate income households. Although homeownership is a path to wealth building, it is not the only form that the RDA could potentially support to help individuals and families meet this goal. Wealth building can be accomplished through different forms of shared equity models such as rental subsidies where tenants earn a portion of a development’s return and community land trust models. Supporting ADUs also supports wealth building by supporting mortgage payments and increasing income and property values. This priority will encompass a variety of options for residents to build wealth.

- 2. AFFORDABLE FAMILY HOUSING WITH AMENITIES FOR CHILDREN** – This priority promotes affordable, larger housing units for tenant populations with children that have at least three or more bedrooms and includes amenities for children. There is a need for affordable family-sized units, especially as more families look outside of Salt Lake City boundaries for affordable housing options and enrollment in Salt Lake City schools decreases.

Per the interlocal agreements with the School District for the State Street and 9 Line project areas, the RDA must also prioritize affordable family and workforce housing described as:

- Affordable Family Housing: Development of new housing units that include 3+ bedrooms and are affordable to households at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development.
 - Workforce Housing: Development of new housing units affordable to low and middle-income workers, including teachers and school district employees.
- 3. DEEPLY AFFORDABLE HOUSING** – This priority promotes housing units affordable for those earning 40% AMI and below. While the city has made progress facilitating the development of deeply affordable units, there is still a shortage of over 5,500 units for those earning 30% AMI or less in particular and it’s proposed to continue to promote this priority through FY 25 (Housing SLC - Housing Needs Analysis).

 - 4. NEIGHBORHOOD COMMERCIAL AND SERVICES** – This priority ensures that as housing continues to be built throughout the City, residents and neighbors continue to have access to

neighborhood services and amenities such as daycares, restaurant, and retail spaces. These commercial and retail spaces should not be exclusive to the housing development. For permanent supportive housing projects targeting 30% AMI, onsite supportive services may be substituted for commercial retail space.

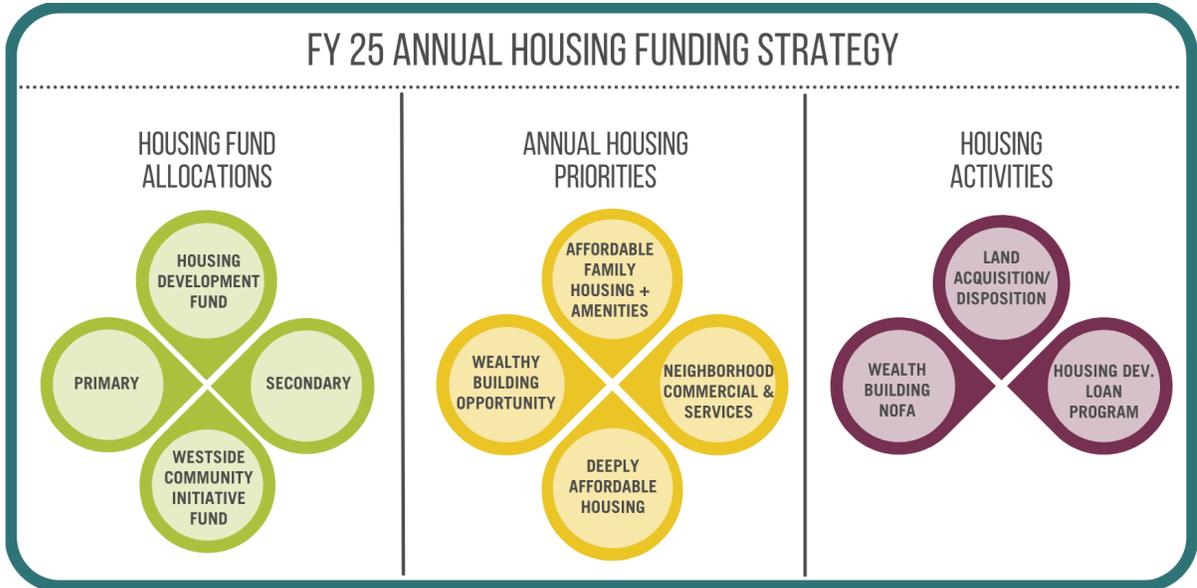
FY 25 Proposed Housing Activities – To encourage the incorporation of the four proposed Funding Priorities in RDA-funded housing projects, RDA staff proposes allocating funding to the following activities and tactics as part of the RDA’s FY25 budget. Some of the housing activities may achieve multiple Funding Priorities. See *Figure 2* for summary.

HOUSING ACTIVITIES	HOUSING PRIORITIES			
	Wealth Building Opportunity	Affordable Family Housing and Amenities for Children	Deeply Affordable Housing	Neighborhood Commercial and Services
<p>Equity Building NOFA: With the primary goal of removing barriers to wealth building and creating generational wealth, the RDA will release a notice of funding availability (NOFA) to support external programs and/or developments that build equity for lower-moderate income individuals and families. This model could take on different forms such as a shared profit, shared equity program, or mortgage assistance. There are various community organizations with programs that support wealth building and homeownership in need of financial assistance where the RDA could leverage existing funding, which is why the RDA is proposing this approach as opposed to creating a new program. Guidelines with funding objectives will be released in conjunction with the NOFA and proposals will be reviewed on a competitive basis.</p> <p>The RDA will release a request for proposals (RFP) prioritizing the inclusion of homeownership products and/or a shared equity component on the West Montrose site</p>	✓	✓		

<p>located off the northeast corner of 800 South and 300 West. This site is approximately two acres and could potentially accommodate a significant number of units.</p> <p>ADU Financing Program: The RDA will continue to work towards developing an RDA program to facilitate the construction of ADUs, with initial focus on the 9 Line Project Area. This activity could provide a wealth building opportunity for homeowners in the 9 Line area.</p>				
<p>Land Acquisition/Disposition: The RDA will release requests for proposals (RFP) on RDA-owned land. For properties that contemplate housing as a land use, the RDA may require that affordable family-sized units, deeply affordable units, and/or neighborhood commercial and services are incorporated within proposals.</p> <p>Additionally, the RDA has been actively looking to purchase properties to implement RDA goals.</p>	✓	✓	✓	✓
<p>Housing Development Loan Program (“HDLP”): The HDLP is a gap financing program for affordable housing developments. The RDA releases funds annually through a competitive Notice of Funding Availability (NOFA). Similar to the last two years, at least 10% of a development’s units must be deeply affordable or affordable family-sized with amenities for children to qualify for the RDA’s competitive NOFA. In addition, neighborhood commercial and services will also be a requirement for the HDLP. All the project priorities will also be weighted heavier as a part of the competitive NOFA review process.</p>	✓	✓	✓	✓

NEXT STEPS:

- The RDA Board should consider whether the proposed Funding Priorities align with their goals for the upcoming fiscal year.
- The finalized Funding Priorities will be brought back for the Board’s consideration to adopt via resolution in April.
- RDA staff will present the final Funding Strategy to the Board as a part of the budget presentation, which includes the projected amount of revenue to be allocated to each of the four housing funds. The Board should consider whether to adopt the final Funding Strategy as part of the annual budget adoption process.



ATTACHMENTS:

Attachment A – Data

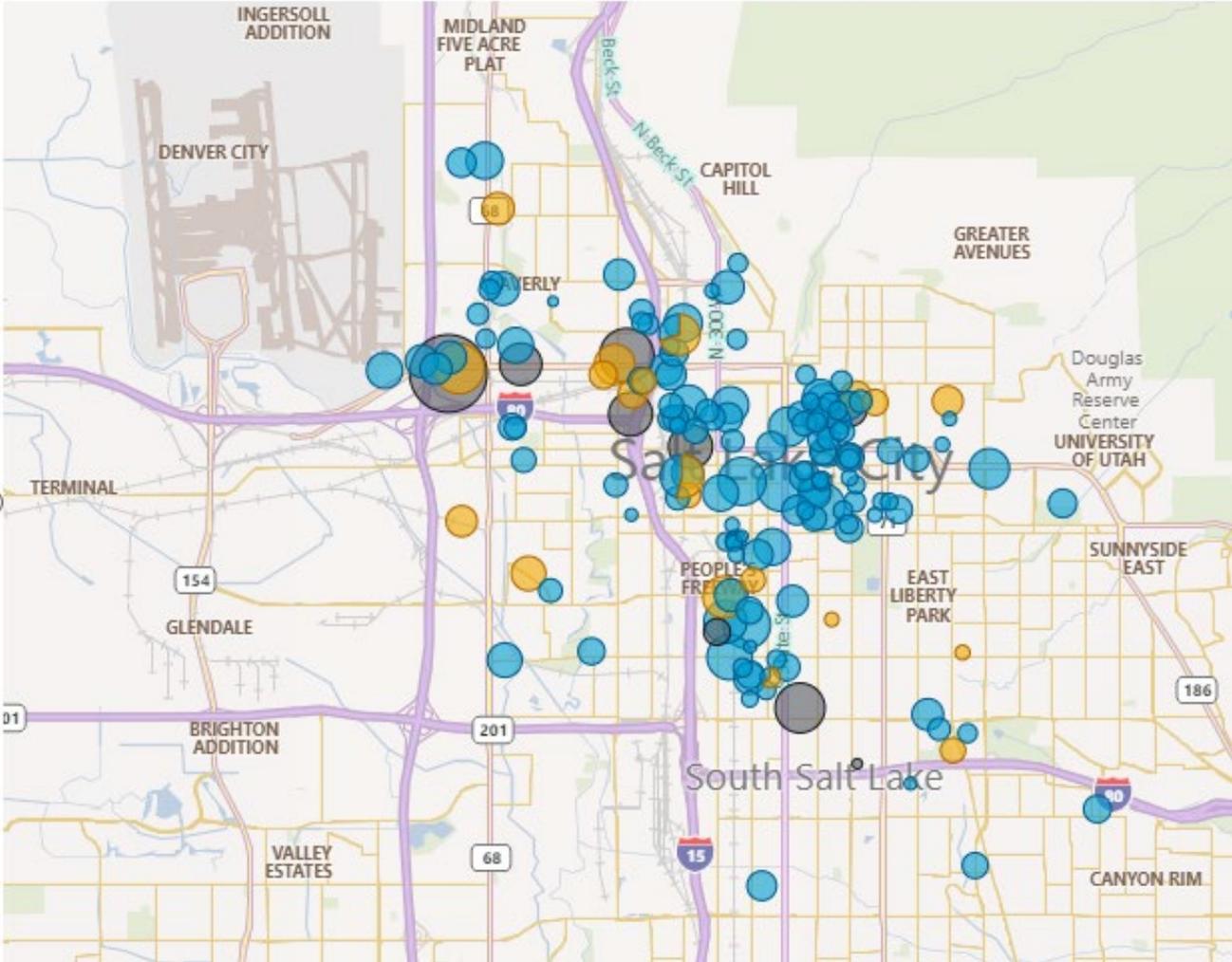
Attachment B – RDA Affordable & Mixed-Income Housing Summary: 2010/11 - 2023/24

ATTACHMENT A – DATA

EXISTING AFFORDABLE HOUSING DATA

Current and Future Salt Lake City Deed-Restricted Affordable Housing Developments Map

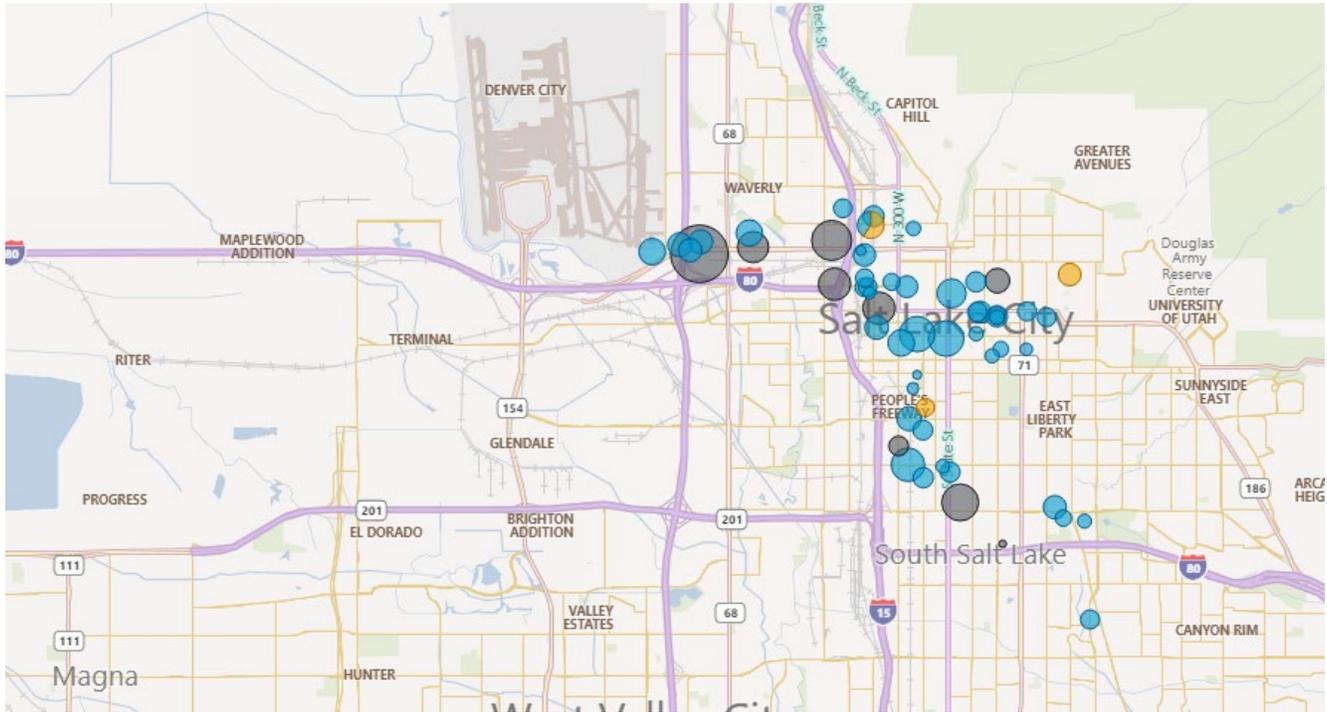
Construction Status ● Completed ● Proposed ● Under Construction



Source: SLC Affordable Housing Pilot Report

All City-Supported Affordable Housing Constructed Since 2015 and Future Developments

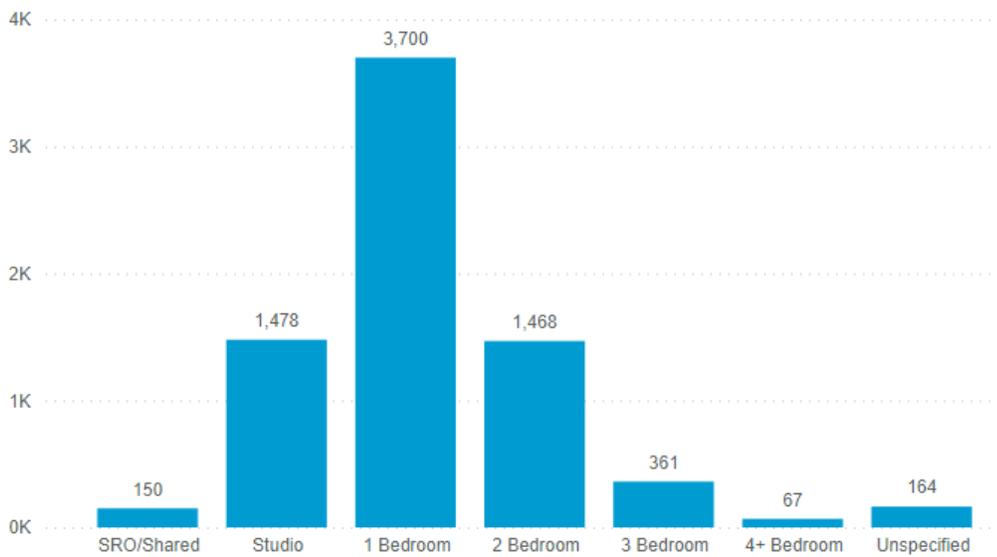
Construction Status ● Completed ● Proposed ● Under Construction



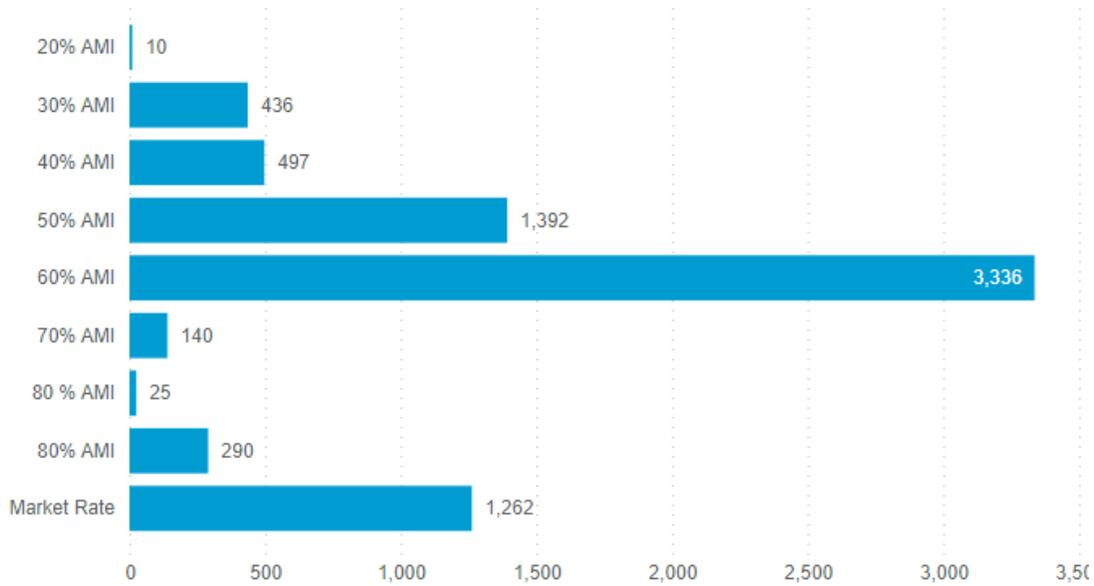
Source: SLC Affordable Housing Pilot Report

City-Supported Housing Units Constructed Since 2015 and Future Projects with Allocated Funds

Housing Units by Unit Size



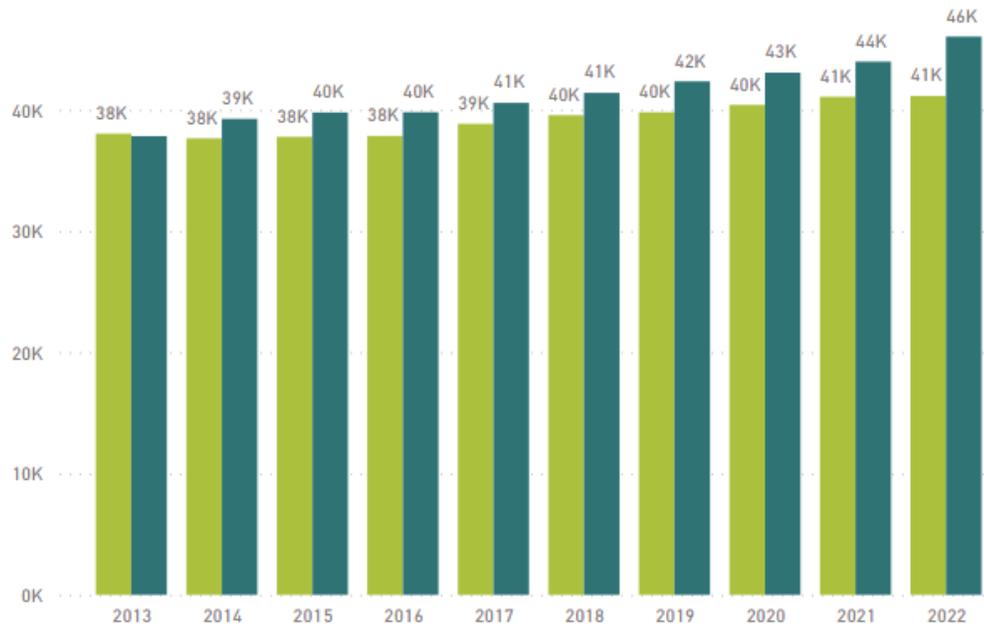
Housing Units by Affordability



SALT LAKE CITY AFFORDABLE HOUSING AND COMMERCIAL TRENDS

RENTER V. OWNER OCCUPIED UNITS

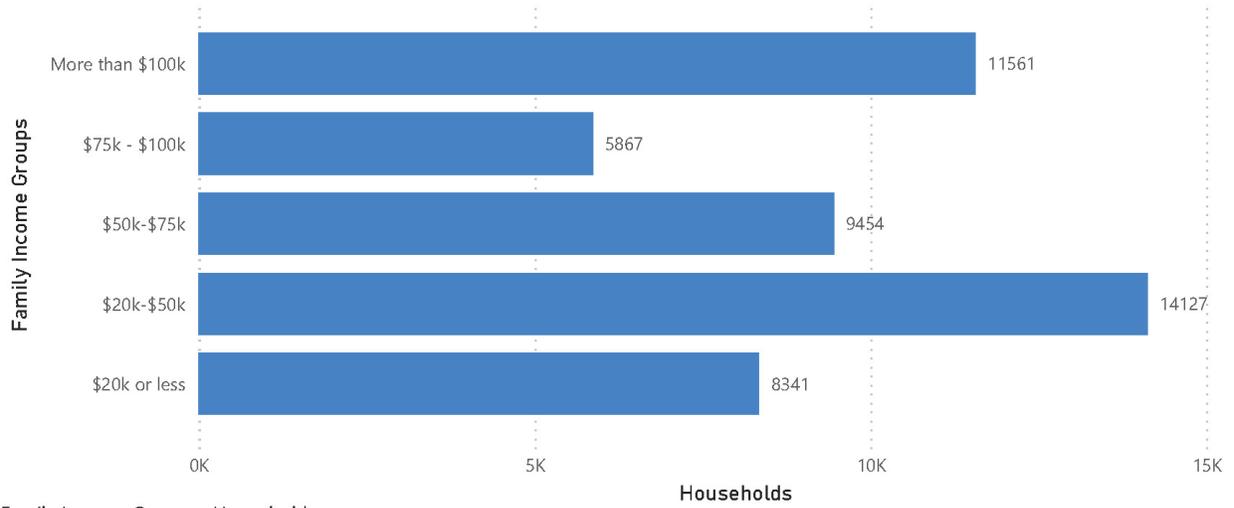
● Owner-Occupied ● Renter-Occupied



Year	Owner-Occupied	Renter-Occupied
2013	38036	37830
2014	37650	39259
2015	37778	39785
2016	37852	39804
2017	38851	40572
2018	39564	41399
2019	39798	42346
2020	40410	43075
2021	41076	43978
2022	41144	46044

Source: Census Bureau's 2017-2022 ACS 5-Year Estimates

Households by Family Income Groups



Family Income Groups	Households
More than \$100k	11561
\$75k - \$100k	5867
\$50k-\$75k	9454
\$20k-\$50k	14127
\$20k or less	8341
Total	49350

Source: Census Bureau's 2017-2022 ACS 5-Year Estimates

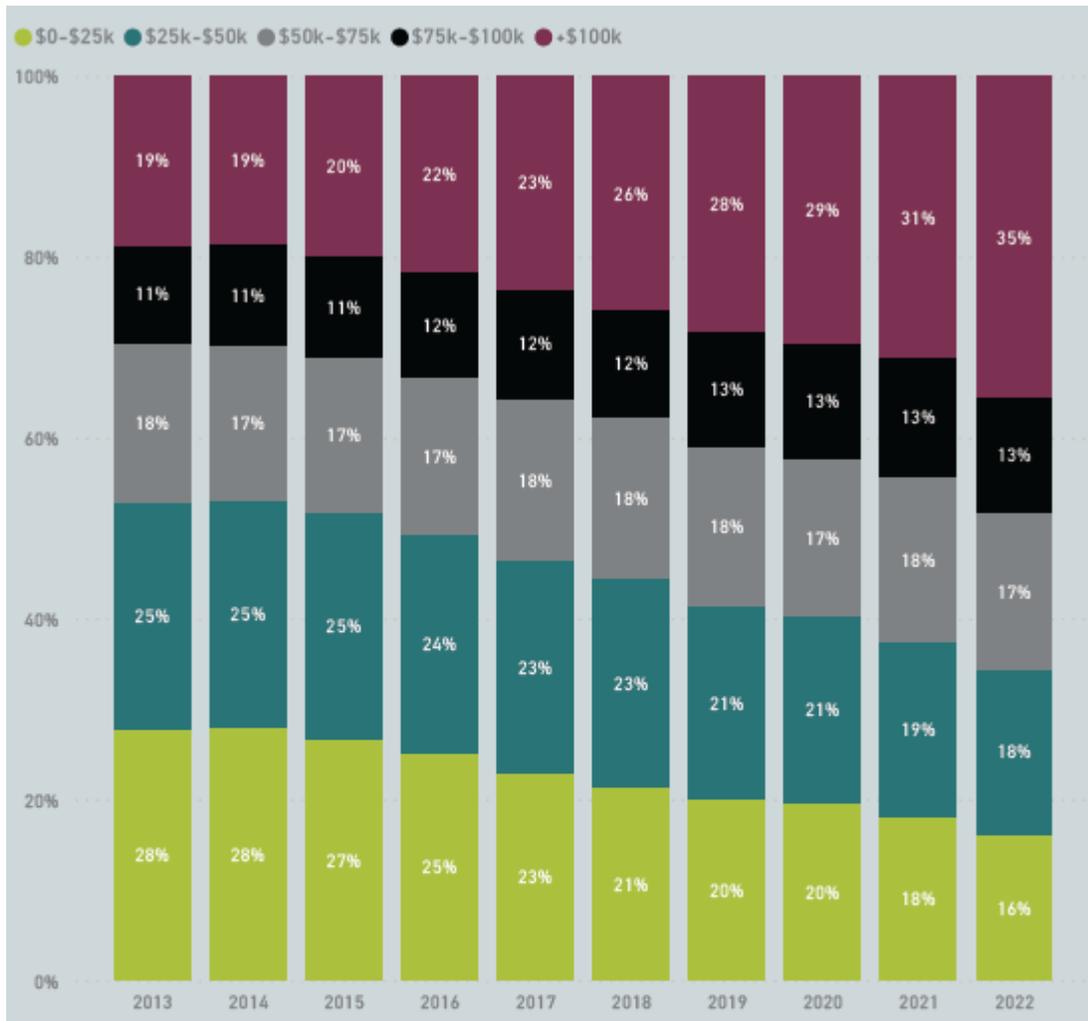
Salt Lake City Households



Household Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Family - Married Couple	29267	29375	29713	30246	31247	31417	31351	31561	30802	30810
Family - Single Female	7557	7420	7687	7263	7179	7102	6974	6360	6378	6225
Family - Single Male	3430	3661	3419	3571	3637	3684	3637	3354	3410	3692
Living Alone	26790	27576	27591	27103	27400	28429	29304	31038	32456	33675
Non-Family - Not Living Alone	8822	8877	9153	9473	9960	10331	10878	11172	12008	12786

Source: Census Bureau's 2017-2022 ACS 5-Year Estimates

Household Income Levels



Year	\$0-\$25k	\$25k-\$50k	\$50k-\$75k	\$75k-\$100k	+\$100k
2013	21057	19086	13379	8213	14131
2014	21561	19254	13188	8646	14260
2015	20732	19454	13224	8793	15360
2016	19508	18781	13563	9021	16783
2017	18239	18620	14290	9627	18647
2018	17294	18689	14513	9570	20897
2019	16498	17582	14487	10473	23104
2020	16377	17246	14533	10777	24552
2021	15423	16529	15406	11279	26417
2022	14155	15867	15071	11188	30907

Source: Census Bureau's 2017-2022 ACS 5-Year Estimates

Commercial Data

Number of Parcels	2016	2017	2018	2019	2020	2021	2022	2023
Office	1076	1092	1106	1118	1124	1143	1132	1092
Other Commercial	2590	2492	2504	2534	2518	2540	2434	2356
Retail	1733	1683	1669	1632	1599	1589	1533	1515
Total	5399	5267	5279	5284	5241	5272	5099	4963

Source: Salt Lake County Assessor

Search Analytics

INVENTORY SF 24.1M +0.4% Prior Period 24M	UNDER CONSTRUCTION SF 17.2K -90.0% Prior Period 172K	12 MO NET ABSORPTION SF 128K +191.7% Prior Period (139K)	VACANCY RATE 4.0% -0.2% Prior Period 4.2%	MARKET ASKING RENT/SF \$21.41 +7.4% Prior Period \$19.94	MARKET SALE PRICE/SF \$209 +5.4% Prior Period \$199	MARKET CAP RATE 6.8% +0.1% Prior Period 6.7%
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Key Metrics

Availability		Inventory	
Vacant SF	970K ↓	Existing Buildings	1,868 ↑
Sublet SF	69K ↓	Under Construction Avg SF	8.6K ↓
Availability Rate	4.4% ↓	12 Mo Demolished SF	73.1K ↑
Available SF Total	1.1M ↓	12 Mo Occupancy % at Delivery	39.8% ↓
Available Asking Rent/SF	-	12 Mo Construction Starts SF	10.4K ↓
Occupancy Rate	96.0% ↑	12 Mo Delivered SF	164K ↑
Percent Leased Rate	96.6% ↑	12 Mo Avg Delivered SF	26.3K ↑

Sales Past Year		Demand	
Asking Price Per SF	\$401 ↑	12 Mo Net Absorp % of Inventory	0.5% ↑
Sale to Asking Price Differential	-3.7% ↓	12 Mo Leased SF	434K ↓
Sales Volume	\$9.7M ↓	Months on Market	9.8 ↓
Properties Sold	112 ↓	Months to Lease	6.0 ↑
Months to Sale	5.7 ↓	Months Vacant	8.7 ↑
For Sale Listings	17 ↑	24 Mo Lease Renewal Rate	80.9%
Total For Sale SF	237K ↑	Population Growth 5 Yrs	2.3%

Source: CoStar Group

ATTACHMENT B - RDA AFFORDABLE HOUSING SUMMARY: 2010/11 -2023/24*

RDA Affordable Housing Funding Allocations by Fiscal Year

Project Name	FY2011	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Total
144 S 500 E											\$775,000	\$1,000,000	\$1,775,000
150 S Main Street Apartments									\$4,070,000				\$4,070,000
9th East Lofts				\$1,827,045									\$1,827,045
Artspace Macaroni Flats			\$1,100,000										\$1,100,000
Book Cliffs Lodge								\$1,000,000					\$1,000,000
Capitol Homes Apartments							\$2,750,000						\$2,750,000
Central Ninth Market: Phase II								\$385,000	\$1,900,000				\$2,285,000
Central Station Apartments									\$1,000,000				\$1,000,000
Citifront Apartments					\$422,266								\$422,266
Citizens West									\$1,000,000			\$3,050,000	\$4,050,000
City Lofts Apartments												\$1,000,000	\$1,000,000
Colony B Apartments										\$1,340,000			\$1,340,000
Jackson Apartments									\$1,000,000				\$1,000,000
Liberty Village	\$1,060,000												\$1,060,000
Liberty Wells (CDCU)									\$150,000				\$150,000
Mya Apartments							\$1,400,000	\$1,600,000					\$3,000,000
Pamela's Place								\$500,000					\$500,000
Paperbox Lofts						\$3,200,000							\$3,200,000
Rendon Terrace	\$300,000												\$300,000
Richmond Flats									\$1,800,000				\$1,800,000
Spark								\$2,500,000	\$3,956,000			\$8,000,000	\$14,456,000
The Aster								\$2,000,000	\$5,000,000	\$7,554,879			\$14,554,879
The Nest											\$1,082,500	\$1,000,000	\$2,082,500
Victory Heights												\$2,145,000	\$2,145,000
Wilmington Gardens		\$1,250,000											\$1,250,000
Total	\$1,360,000	\$1,250,000	\$1,100,000	\$1,827,045	\$422,266	\$3,200,000	\$4,150,000	\$7,985,000	\$19,876,000	\$8,894,879	\$1,857,500	\$16,195,000	\$68,117,690

RDA Affordable Housing – Other Funding

Project	Address	Project Area	Tool	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
Artspace Commons	423 W 800 S	Granary District	TI Reimbursement	\$48,880	\$38,843	\$36,237	\$38,364	\$38,431	\$38,813	\$21,194	\$100,025	\$34,000					\$394,787
Northgate Apartments	135 S 500 W	Depot District	TI Reimbursement	\$802,648	\$838,207	\$856,452	\$696,064	\$708,427	\$586,103	\$426,209	\$521,038	\$600,000	\$712,922	\$653,790			\$7,401,860
West Montrose	300 W 800 S	West Temple Gateway	Acquisition (FY2010)														\$0
Arctic Court	528 N Arctic Ct	West Capitol Hill	Acquisition				\$200,000										\$200,000
Housing Trust Fund			HTF Transfer	\$109,000	\$208,578	\$124,350	\$899,902	\$518,393	\$0	\$3,000,000							\$4,860,223
				\$960,528	\$1,085,628	\$1,017,039	\$1,834,330	\$1,265,251	\$624,916	\$3,447,403	\$621,063	\$634,000	\$712,922	\$653,790	\$0	\$0	\$12,856,870

RDA Affordable Housing Development Details

Development	RDA Project Area	Address	Status	No. Affordable Units	Total Units
144 S 500 E	Not in Project Area	144 S 500 E	Under Construction	110	110
150 S Main Street Apartments	Central Business District	150 S Main St	On Hold/Delayed	40	400
9th East Lofts	Not in Project Area	444 S 900 E	Completed	54	68
Artspace Macaroni Flats	Depot District	244 S 500 W	Completed	13	13
Book Cliffs Lodge	State Street	1159 S West Temple St	Proposed	47	55
Capitol Homes Apartments	State Street	1749 S State St	Completed	62	93
Citifront Apartments	Not in Project Area	631 W NORTH TEMPLE ST	Completed	99	160
Citizens West	Not in Project Area	535 W 300 N	Completed	55	80
Citizens West	Not in Project Area	535 W 300 N	Proposed	80	80
City Lofts Apartments	State Street	230 W 1700 S	Completed	237	237
Colony B Apartments	State Street	228 W 1300 S	Completed	106	140
Jackson Apartments	Central Business District	247 W 200 S	Completed	80	80
Liberty Village	Sugarhouse	2150 S MCCLELLAND ST	Completed	35	171
Liberty Wells (CDCU)	Not in Project Area	501 E 1700 S	Proposed	10	10
Mya Apartments	Not in Project Area	350 E 400 S	Completed	80	126
Pamela's Place	Not in Project Area	525 S 500 W	Completed	100	100
Paperbox Lofts	Central Business District	340 W 200 S	Completed	39	195
Rendon Terrace	Not in Project Area	158 N 600 W	Completed	70	70
Richmond Flats	Not in Project Area	2960 S Richmond St	Completed	55	55
Spark	North Temple	1490 W. North Temple St	Under Construction	200	200
The Aster	Central Business District	255 S. State Street	Completed	168	190
The Nest	Depot District	382 S Rio Grande St	Under Construction	220	220
Victory Heights	Not in Project Area	1060 E 100 S	Proposed	88	88
Wilmington Gardens	Sugarhouse	1201 E WILMINGTON AVE	Completed	21	105
Total				2,069	3,046

*Developments funded in FY 2023-24 will be added after the Board has approved funding allocations through the Housing Development Loan Program